

Carbon Offsets

Carbon offsets are "emissions-saving projects" created to supposedly compensate for continued pollution in industrialised countries in the North. The vast majority of these projects are undertaken by companies, international financial institutions and governments. Offsets usually run in parallel with "cap and trade" schemes, in which the cap is supposed to set a limit on pollution. Offset projects generate "credits" which allow pollution over and above this limit. The UN's Clean Development Mechanism (CDM) is the largest offsetting scheme with almost 3,000 registered projects in the global South as of April 2011, and over 3,100 further projects awaiting approval. Based on current prices, the credits generated by approved schemes will be worth over \$11.5 billion by 2012.

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The numerous problems with offsetting include:

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Shifting responsibility. Offsetting does not reduce emissions, but allows companies and governments in the North that have the historical responsibility to clean up the atmosphere to buy credits from projects in the South. In so doing, offsetting provides a means to delay domestic action in economically rich, industrialised countries..

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Selling stories. Offsetting rests on "additionality" claims about what "would otherwise have happened," offering polluting companies and financial consultancies the opportunity to turn stories of an unknowable future into bankable carbon credits. The net result for the climate is that offsetting tends to increase rather than reduce greenhouse gas emissions, displacing the necessity to act in one location by a theoretical claim to act differently in another. Even when "renewable energy" projects are included in the CDM, they are set within an institutionalised development framework that tends to inhibit rather than advance "sustainable" renewable energy. Moreover, countries that host offset projects have a new barrier to the implementation of environmental regulations, since to do so would remove "additionality" and thereby cut off potential revenue.

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Repression and rights violations. Carbon offset projects often result in land grabs, local environmental and social conflicts, as well as the repression of local communities and movements. The CDM approval process for projects allows little space for the voices of Indigenous Peoples and local communities "in fact, no project has ever been rejected on the grounds of rights violations, despite these being widespread.

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Making things the same. The value of CDM projects is premised on constructing a whole series of dubious "equivalences" between very different economic and industrial practices, with the uncertainties of comparison overlooked to ensure that a single commodity can be constructed and exchanged. This does not alter the fact that burning more coal and oil is in no way eliminated by building more hydro-electric dams, planting monoculture tree plantations or capturing the methane in coal mines.

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Offsets burst the cap. While cap and trade in theory limits the availability of pollution permits, offset projects are a license to print new ones. When the two systems are brought together, they tend to undermine each other – since one applies a cap and the other lifts it. Most current and proposed cap and trade schemes allow offset credits to be traded within them – including the EU Emissions Trading System (EU ETS) and the cap and trade schemes currently being proposed in California and Australia.

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As of April 2011, almost three-quarters of the offset credits issued were manufactured by large firms making minor technical adjustments at a few industrial installations to eliminate HFCs (refrigerant gases) and N2O (a by-product of synthetic fibre production). A majority of the largest –project developers– are financial consultancies. The majority of credits are purchased for use in the EU Emissions Trading System, or by banks and financial services companies for speculation.

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